

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 131918
ORIGIN AGR-08

INFO OCT-01 NEA-10 ISO-00 EB-07 COME-00 AID-05 TRSE-00
OMB-01 CIAE-00 INR-07 NSAE-00 XMB-02 EPG-02 /043 R

DRAFTED BY OGSM/PPD:HLKOELLER-HLNORTON:JES

APPROVED BY NEA/INS:DKUX

EB/FFD:CCAVANAUGH

COMMERCE:CSHAW

AID/FFP:AMERCKER

TREASURY:ESCHWARTZ

OMB:RGREENSTEIN

NEA/INS:JRGRAHAME

-----081843Z 116990 /53

R 081537Z JUN 77

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE STATE 131918

E.O. 11652: N/A

TAGS: EAID, US, IN

SUBJECT: INDIAN PEANUT OIL

1. FOLLOWING MESSAGE FOR EMBASSY INFO AND REQUIRES NO ACTION.

2. AS RESULT OF DISCUSSIONS SEVERAL WEEKS AGO WITH STC OFFICIALS ABOUT PEANUT OIL PROCUREMENT, USDA MADE INFORMAL AND PRELIMINARY PROPOSAL TO INDIAN EMBASSY OFFICIAL. DISCUSSIONS COVERED POSSIBILITY OF WHETHER PEANUT OIL IS AVAILABLE FOR SALE TO INDIA AT THE WORLD PRICE. DISCUSSIONS CENTERED ON REPORTS THAT SINCE THE INDIAN OIL-SEED CROP WAS INADEQUATE TO MEET CONSUMPTION REQUIREMENTS, OVER 700,000

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 131918

MT VEGOIL MUST BE IMPORTED AND NOT ALL OF THIS REQUIREMENT HAS BEEN COVERED BY PURCHASES TO DATE. DUE TIGHT SUPPLY U.S. VEGOILS, NOT LIKELY NEEDS CAN BE MET BY ADDITIONAL PURCHASES U.S. SOYBEAN OIL. USDA BELIEVED GOI MIGHT BE INTERESTED IN PROCURING SOME PEANUT OIL.

3. ALTHOUGH CCC OWNS UNCOMMITTED STOCKS OF 68,000 MT OF

PEANUT OIL, USDA POLICY DICTATES THAT EXPORT SALES BE MADE AT NOT LESS THAN THE CCC ACQUISITION COST WHICH IS HIGHER THAN CURRENT WORLD PRICE. THEREFORE, USDA EXPLORED VARIOUS POSSIBLE SALES ARRANGEMENTS UNDER WHICH SURPLUS CCC STOCKS

ACQUIRED THROUGH THE PEANUT PRICE SUPPORT PROGRAM COULD BE MADE AVAILABLE TO INDIA AT A PRICE WHICH TOGETHER WITH FAVORABLE CREDIT TERMS WOULD MAKE A SALE FINANCIALLY ATTRACTIVE TO GOI.

4. CURRENT WORLD PRICE OF PEANUT OIL IS ABOUT 04 DOLS/MT (0.41 DOLS/LB. AT ROTTERDAM), WHILE CCC PRICE WOULD BE ABOUT 1,234 DOLS MT (0.56 DOLS/LB F.O.B. GULF PORTS). COMPARATIVE PRICE U.S. SOYBEAN OIL IS 738 DOLS/MT (0.33 DOLS LB. F.O.B. GULF PORTS).

5. AFTER CONSIDERING SEVERAL ALTERNATIVES, USDA CONCLUDED SEVERAL ALTERNATIVES MIGHT BE FEASIBLE. FIRST WOULD BE SALE OF 50,000 MT CCC PEANUT OIL AT ACQUISITION COST PRICE OF 1,234 DOLS UNDER TITLE I, PL 480 WITH AN INITIAL PAYMENT (IP) OF 50 PERCENT. ALTERNATIVELY, A CASH SALE OF 25,000 MT TIED TO A TITLE I SALE OF 25,000 MT WOULD BE ACCEPTABLE TO USDA, BUT SLIGHTLY LESS FAVORABLE TO GOI IN VIEW OF 5 PERCENT IP AND GOI LESS LIKELY TO BE INTERESTED. FYI - EITHER OF THESE ALTERNATIVES WOULD PRESUMABLY REQUIRE A BUDGET INCREASE WHICH WOULD BE QUITE DIFFICULT TO OBTAIN. END FYI.

6. SUBSEQUENTLY, USDA AND STATE DISCUSSED ABOVE POSSIBIL- LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 131918

ITIES WITH INDIAN EMBASSY OFFICERS. THEY SAID THEY WOULD INFORM GOI OF POSSIBILITY DISCUSSED ABOVE, BUT INDICATED HIGHLY UNLIKELY GOI WOULD BE INTERESTED. INDIAN EMBASSY MINISTER (COMMERCE AND SUPPLY) DIXIT HAS INFORMED US THAT GOI WAS AWAITING AMENDMENT TO PL 480 LAW TO REMOVE VIETNAM RESTRICTION BEFORE APPROACHING US ON ADDITIONAL AID. AGRICULTURE HAS TOLD INDIANS THAT THESE SALES PROPOSALS WERE EXPLORATORY, AND THAT BEFORE ANY SUCH SALE COULD BE MADE IT WOULD BE NECESSARY TO OBTAIN NECESSARY FUNDS APPROVAL FROM OMB AND APPROVAL FOR TITLE I PROPOSAL FROM INTER- AGENCY STAFF COMMITTEE (ISC).

7. PLEASE UNDERSTAND THAT THIS POSSIBLE SALE HAS NOT BEEN DISCUSSED AT INTERAGENCY LEVEL AND AT THIS STAGE DOES NOT REPRESENT USG PROPOSAL OR POLICY BUT IS PURELY EXPLORATORY, ARISING OUT OF INITIAL DISCUSSION WITH STATE TRADING COOPERATION REP. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, PEANUTS, VEGETABLE OILS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jun-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE131918
Document Source: CORE
Document Unique ID: 00
Drafter: HLNORTON:JES
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770204-0715
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770677/aaaacprg.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f776a182-c288-dd11-92da-001cc4696bcc
Office: ORIGIN AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2226093
Secure: OPEN
Status: NATIVE
Subject: INDIAN PEANUT OIL
TAGS: EAID, EPAP, US, IN
To: NEW DELHI
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/f776a182-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009